

Memorandum



Date: AUG 23 2006

Attachment E

To: George M. Burgess
County Manager

From: Carlos F. Bonzon, Ph.D., P.E.
Assistant County Manager

Subject: Recommendation for Reduction of Consultant Usage: Conversion of Construction Engineering Inspection Positions

In accordance with the Mayor's and Board's request to review and reduce consultant contract usage and as directed by you, I met with former Deputy County Manager Pete Hernandez, Office of Capital Improvements (OCI) Director Roger Hernstadt, Department of Procurement Management (DPM) Deputy Director Howard Piper, and representatives from the Office of Strategic Business Management (OSBM) to identify areas of regular consultant utilization for possible immediate conversion to County positions. One area identified for immediate transition as a result of this review is the current utilization of Construction Engineering Inspection (CEI) contracts to perform construction inspections. Approximately 100 construction inspectors have been identified as being used on a recurring basis countywide in two departments, with just over 80 in use at the Public Works Department (PWD) and the rest at the Department of Environmental Resources Management (DERM). Given the current level of utilization, at a minimum the County can safely add up to 60 inspector positions either through permanent assignments at one or multiple departments or reservation through a pool. Although CEI contracts are used for other departmental construction projects, those services are oftentimes procured through a general Program Management contract. Utilization through these master contracts has not been isolated for the purposes of this recommendation but will be the subject of further analysis of countywide consultant usage over the coming months.

Since consulting costs are a recurring topic of discussion for both elected officials and the administration, I requested some time ago through the Performance Improvement division of OSBM an analysis of the County's multiplier so that a true comparison could be made between contracted and permanent positions. Although this analysis is still in progress, my professional opinion is that if a true apples-to-apples comparison is made by taking into account all factors that are used by the private sector in arriving at a multiplier, then outside of some salary and fringe disparities, the only difference between a contracted external versus internal (County) multiplier should be profit. The profit margin, however, can represent a significant savings for the County, especially when coupled with intangible considerations such as the benefits of avoiding the loss of core competency by County staff to manage projects, retain in-house expertise, and have the ability to review consultants' work. Years ago, the County housed many more professional design and construction positions than it does today and was able to address design and construction projects with our own forces. The transition to a greater reliance on contracting for these services, while advantageous in some cases, should not be continued in areas where regular usage exists. As an example, PWD has 16 employees occupying positions currently classified as Projects Inspector 1, but uses approximately 80 inspectors from the private sector via the utilization of CEI contracts on a regular basis to supplement their work. Therefore, I am recommending that up to 60 positions as well as their associated operating needs (vehicles, laptops, cell phone, etc.) be approved for the FY 06-07 budget to allow PWD to hire inspectors currently providing services via the above mentioned CEI contracts.

Transitioning these employees will create a tremendous opportunity for succession planning with the department through the addition of this fresh talent. The savings potential is in some respects no match for the intangible benefits that should be considered in this analysis. By hiring County employees to perform inspections, more consistency in the level of inspections can be anticipated,

administrative costs can be lowered and gained experience and knowledge will stay with the County. (Conversely, liability associated with certifications made by those inspectors will shift to the County.) Although some level of consultant usage will continue to be required to meet the fluctuating demands of various construction projects countywide, the need for additional (or reduced) positions can be refined over the course of the fiscal year depending on our success in filling the positions.

This is just one area ripe for immediate transition. I am also recommending that a request be made for all Department Directors to identify on-going, recurrent work in the areas of project design, construction management, and other similar functions currently provided by consultants and that these services be performed in-house when appropriate. Given the ambitious nature of the Building Better Communities (BBC) bond program, the People's Transportation Plan (PTP), Miami International Airport's (MIA) Capital Improvement Program (CIP), Water and Sewer's Capital Program, the Quality Neighborhood Improvements Program (QNIP) and the other capital programs anticipated and/or underway at the Seaport and other departments, the time is right for a review of the County's capital development policy formulation. While I am not recommending such action at this time, many governmental entities across the country have the equivalent of a construction department implementing all elements of capital expansion. While this extreme may or may not be appropriate for Miami Dade County, we must ensure that levels of internal staffing parallel anticipated levels of construction activity and match the private sector's professional capacity in essential areas. With a careful review from each department and the results of the County multiplier analysis in hand, I will be making additional recommendations for further transitions to permanent staffing over the course of this and future fiscal years.

c: Esther Calas, P.E., Director, PWD
Carlos Espinosa, P.E., Acting Director, DERM
Jennifer Glazer-Moon, Director, OSBM
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